

**CARLSBAD TOURISM BUSINESS IMPROVEMENT DISTRICT  
(CTBID) BOARD**

***MINUTES***

**August 26, 2008**

**3:00 p.m.**

**1635 Faraday Avenue, Room 173A  
Carlsbad, CA**

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***I. CALL TO ORDER:*** **3:12 p.m.**

Chair April Shute called the meeting to order at 3:12 p.m.

***II. ROLL CALL:***

The Chair took roll call and all six Directors were present.

***III. (C) APPROVE MINUTES OF July 7, 2008 MEETING***

Mr. Cima made a motion, seconded by Mr. Canepa, to approve the minutes of the July 7, 2008 meeting. Motion carried.

***IV. (C) AB08-08-32 ACCEPT ANNUAL REPORTS FROM CARLSBAD CONVENTION AND VISITORS BUREAU AND SAN DIEGO NORTH CONVENTION AND VISITORS BUREAU***

This is a consent item and both Bureau reports were accepted as presented. Motion carried.

***V. STAFF REPORT***

1) Financial Report

Mrs. Gerhardt presented a staff report to update the Board members on financial activity that has transpired since the previous meeting. (The PowerPoint slide presentation is attached to these minutes.) Assessment revenue collected by the hotels in June and remitted to the City in July was \$80,926.

Comparing budget to actual, this is the first month of the new 2008-09 fiscal year.

Financial Highlights include:

- ♦ January-June 2008 CTBID revenue is up 22% over prior year
- ♦ Room count has increased 12% over last six months
- ♦ Average occupancy rate for the last twelve months is 61%

- ◆ Current year contingency = \$250,000
- ◆ Unbudgeted reserves = \$390,000
- ◆ Total number of hotel rooms = 3,635

#### **VI. AB08-08-33 CARLSBAD MARATHON FOLLOW-UP ITEMS**

Mrs. Gerhardt provided a report on the follow-up items from the July 7, 2008 meeting relative to questions the Board members had regarding the Carlsbad Marathon. Exhibits were included in this meeting agenda packet which included:

- ◆ Overview of hotel booking process
- ◆ Breakdown of Advanced Reservations Systems (ARES) discount rate
- ◆ Draft survey questions

#### **VII. AB08-08-34 REINT REINDERS & ASSOCIATES REPORT AND PHASE II AGREEMENT**

Mr. Reint Reinders of Reint Reinders and Associates (RR&A) provided a very informative and detailed report regarding the marketing study they conducted and recommendations for the Board's consideration.

Mr. Reinders highlighted the following priority items:

- ◆ Stakeholders have spoken
- ◆ A legitimate player: tourism destination marketing game
- ◆ Time for the train to leave the station
- ◆ Recommend: a new Carlsbad Destination Management Officer (DMO)
- ◆ Required: \$1 added to current \$1 or a new 2% BID tax
- ◆ Forge stronger alliances and partnerships: City, regionally
- ◆ Leverage the Legoland brand
- ◆ One Carlsbad, all stakeholders united in support
- ◆ Working together to create a strong Carlsbad brand
- ◆ No time to waste, let's begin the process now

General Counsel Mr. Ball clarified a legal point in reference to the hotels are not paying a \$1 tax; it is a \$1 assessment per room night paid by the hotel guests. The only tax is the Transient Occupancy Tax (TOT) that the hotels pay to the City monthly. If there were to be an increase in the assessment, approval is required by the City Council, and subject to a majority protest by the assessees (the hotels).

All of the Board members thanked Mr. Reinders and Mr. Brudney for their very thorough presentation and evaluation. The Board members shared their thoughts and there was consensus on several points and disagreement on others.

The Board members are not in favor of an increase to the current \$1 assessment to \$2; nor to a new 2% per room night assessment. They are in favor of asking the City Council for City funding or matching funds in the future. Partnering with Legoland to promote Carlsbad as their location in all their marketing and tourist information is a very positive suggestion, as is enhancement of the VisitCarlsbad.com website and work with Simple View to improve overall internet growth.

One Board member expressed concern that the Carlsbad Convention and Visitors Bureau (CCVB) has not been given ample funding by the CTBID Board to do the job that the Board members are requesting of them. A suggestion was made to give the CCVB an opportunity to prove they can do the job with additional funding, before extending the Reint Reinders and Associates agreement. Another point expressed was the hotel community is already paying the \$1 per room night assessment and has not seen results in increased room reservations. It was noted that the hotel guests are actually paying the \$1 assessment, as it is added to the hotel room rate.

The Board members' preference is to put together a marketing plan for FY 2009-2010 focused on reaching the Frequent Individual Traveler (FIT) market, within the existing \$800,000 to \$900,000 annual funding that is currently available from the \$1 per room night assessment. They also support hiring a Destination Marketing Organization (DMO) who would work for the CTBID and carry out the CTBID's marketing efforts.

Mr. Stripe made a motion, seconded by Mr. Cima, to adopt Resolution 2008-6, with the following addition to Item #2: "The Board agreed to extend the current agreement for three (3) months, commencing on September 1, 2008 and ending on November 30, 2008. The fee will be \$10,000 per month for three months, for a total of \$30,000. Within the next ninety (90) days the Board will meet to discuss whether or not to extend the agreement further." Motion carried.

#### **VIII. DISCUSSION ITEMS**

None.

#### **IX. NEXT MEETING**

The next regular meeting is on Tuesday, October 14, 2008, from 3:00 p.m. to 5:00 p.m. at 1635 Faraday Avenue, Room 173B.

Agenda items to include:

1. Reint Reinders & Associates will provide an update and report for the Board members to consider.
2. Financial update
3. CTBID Grants update
4. Follow-up report regarding direction to staff to provide information to all 42 hotel properties in Carlsbad per Mrs. Nayudu's requests stated below under Public Comment

### **GENERAL COUNSEL COMMENT**

General Counsel Mr. Ball reported a Closed Session meeting of the CTBID Board was held today, August 26, 2008, from 2:30 p.m. to 3:08 p.m. to evaluate tourism services provided by CCVB and SDNCVB pursuant to Government Code Section 54957. No final action was taken.

### **PUBLIC COMMENT**

Mrs. Nancy Nayudu, Chair of the Carlsbad Convention and Visitors Bureau Board of Directors, offered several suggestions:

- ♦ Engage all 42 properties; many of them are not aware of the CTBID meetings; how to access the City website to get information; or that they can subscribe to get the link for the meeting notices and agendas automatically.
- ♦ Contact the properties individually to inform them of the upcoming Board meeting and give them the website link.
- ♦ The Board should provide active outreach to the properties. Allow them to review the RR&A proposal and to give their feedback via e-mail.
- ♦ Past meeting agendas and minutes are not posted on the website for reference.

**ACTION:** The Board members directed staff to maximize the information that is available to the assessees and report back at the next meeting.

Ms. Frankie Laney reported that Kurt Burkhart, Executive Director of the CCVB, expressed his regrets for his absence at today's meeting. He is out on a medical leave.

Mr. Randy Nakasawa, a Carlsbad citizen, encourages the organization to embrace the RR&A report and to rely on their assistance to prioritize how to get their suggestions done as quickly as possible and to influence results and hold the Board accountable. Every day there are 1,200 empty rooms in Carlsbad hotels. Mr. Nakasawa's profession is marketing and he offered his assistance.

**ADJOURNMENT**

Chair Shute adjourned the meeting at 5:21 p.m.

Respectfully submitted,

Sheryl Keller  
Recording Secretary

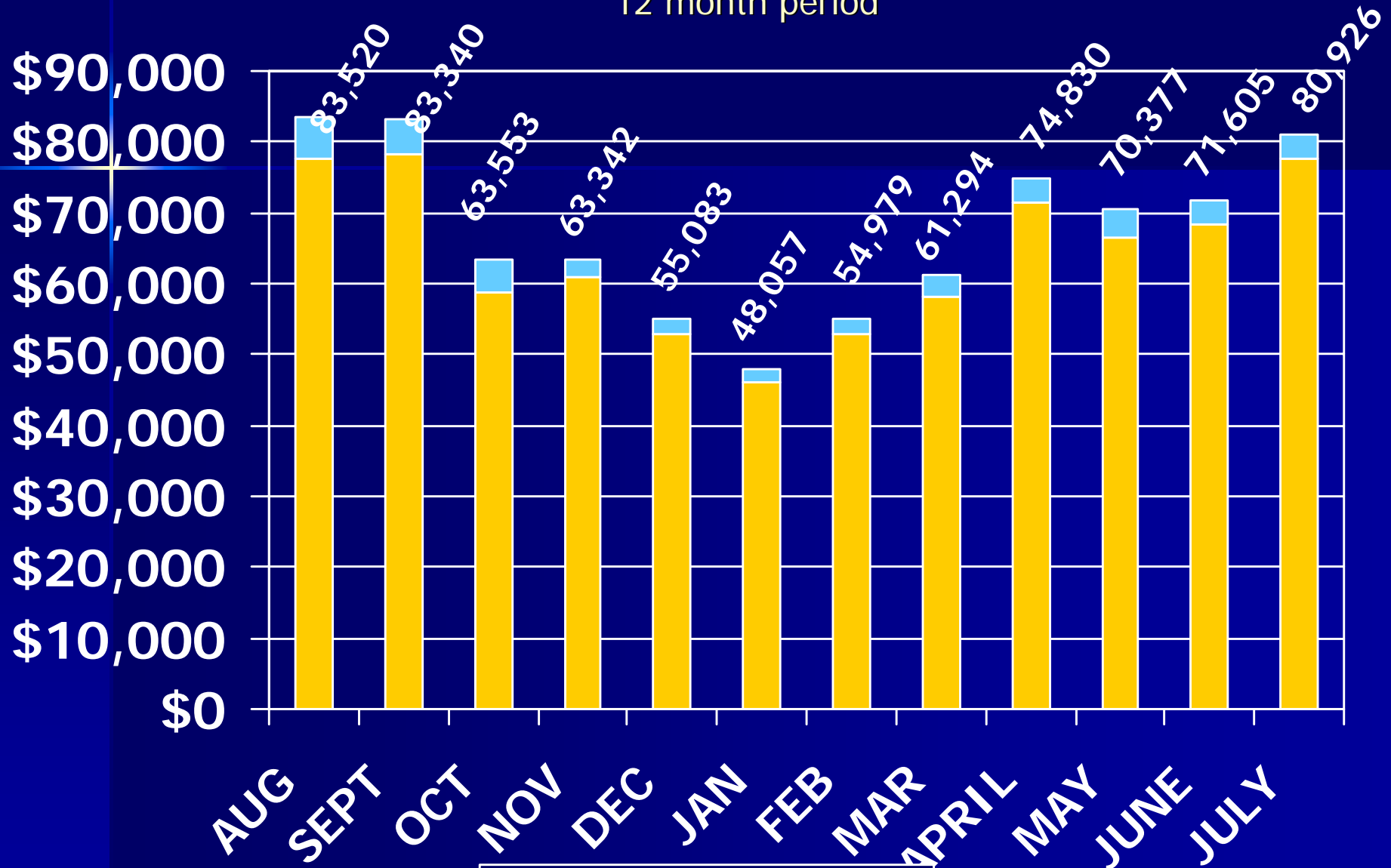
# Carlsbad Tourism Business Improvement District

## **Financial Update**

July 31, 2008

# CTBID Assessment Revenue

12 month period



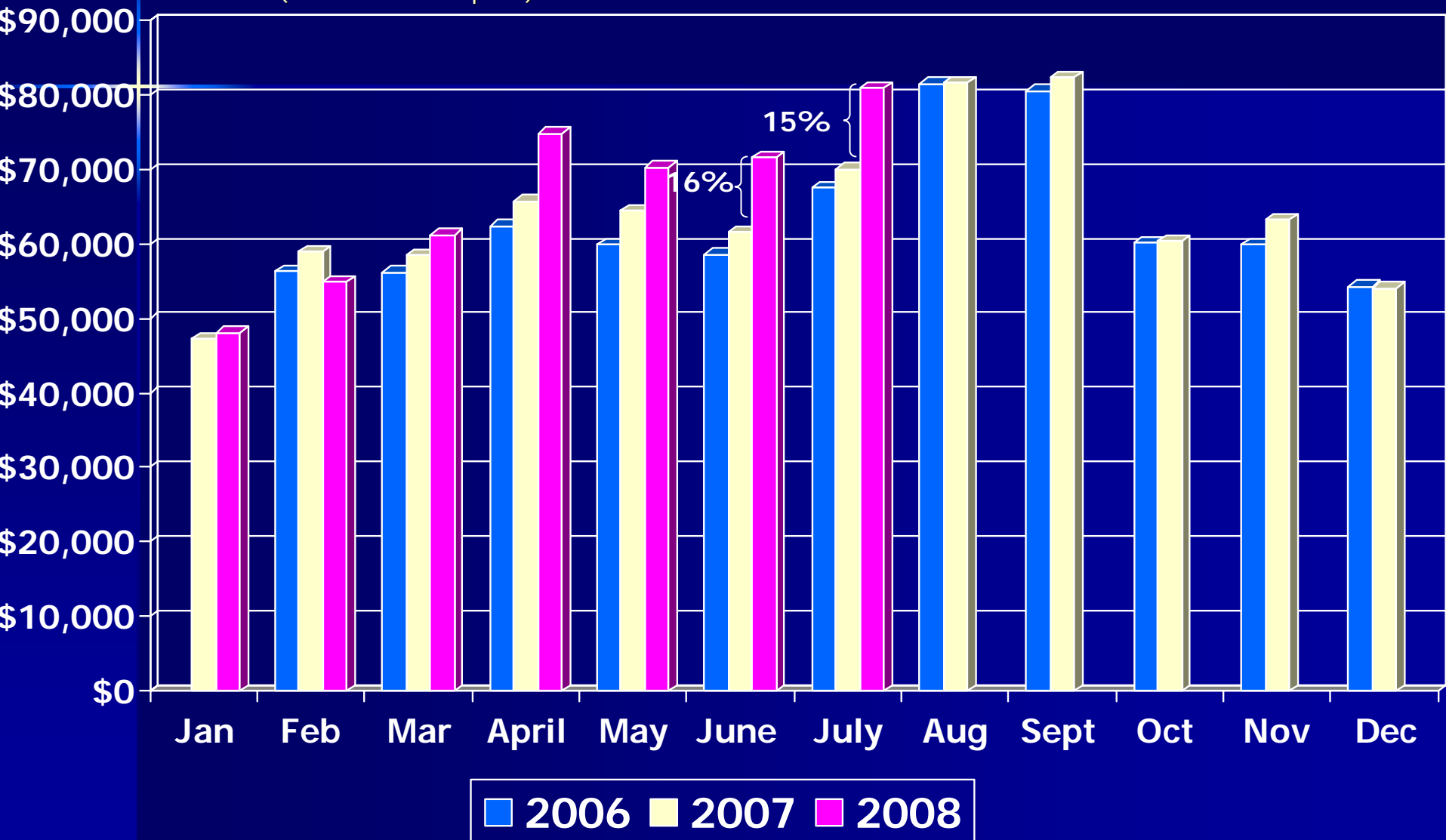
Hotel Timeshare

Month revenue remitted

Ave occupancy rate 61%

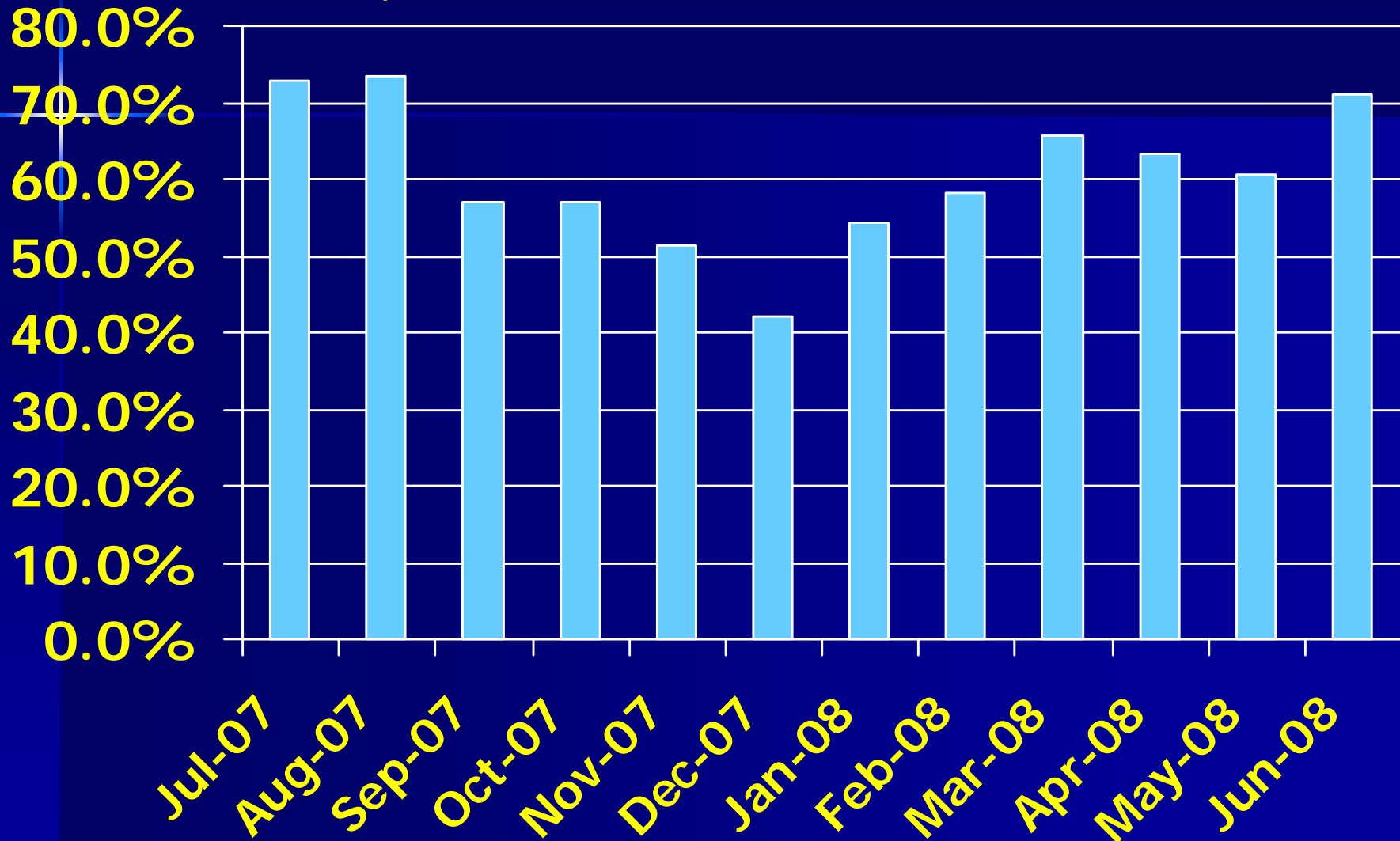
# CTBID Assessment Revenue

30 month period  
(since CTBID Inception)



# Monthly Occupancy rate\*

12 month period



Month of hotel stay

\*Does not include comp rooms

Ave occupancy rate 61%

# 2008-09 Budget to Actual

Program Areas	Budget	Actual 31-July-08	Difference
<u>Revenues:</u>			
CTBID Assessment	775,000	80,185	-694,816
Interest Earnings	10,000	-1,322	-11,322
Total Estimated Revenues	785,000	78,863	-706,137
<u>Expenditures:</u>			
2% Administrative Fee - City	16,500	1,619	-14,881
CCVB Contract	448,000	37,400	-410,600
SDNCVB Contract	110,000	9,167	-100,833
Staff support	16,500	1,895	-14,605
CTBID Grants	40,000	17,000*	-23,000
RR&A Contract Phase I	20,000	12,000	-8,000
Contingency	250,000	0	-250,000
Total Expenses	901,000	79,081	-821,919

\* Encumbered

# FYTD 2007 vs 2008

Program Areas	Actual 31-July-07	Actual 31-July-08	\$ Difference	% Difference
<u>Revenues:</u>				
CTBID Assessment	85,543	80,184	-5,358	-6.3
Interest Earnings	2,625	-1,322	- 3,947	- 150.4
Total Estimated Revenues	88,168	78,862	- 9,306	- 10.6
<u>Expenditures:</u>				
2% Admin. Fee - City	1,400	1,619	219	15.6
CCVB Contract	37,400	37,400	0	0
SDNCVB Contract	9,167	9,167	0	0
Staff support	525	1,895	1,370	260.7
Positioning Study	26,102	0	-26,102	-100.0
CTBID Grants	0	17,000	17,000	100.0
RR&A Contract	0	12,000	12,000	100.0
Total Expenses	74,594	79,081	4,486	6.0

# Financial Highlights

- Jan-June CTBID rev is up 22% over prior year
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# Marathon Follow-up Items



- Overview of hotel booking process
- Breakdown of ARES discount rate
- Draft survey questions